(a) whether Government are considering to increase loans for Small Scale Industry sector;

(b) if so, the details thereof; and

(c) the total loans disbursed to Small Scale Industry sector duing the last three years as on date, year-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Government has announced a Policy Package in August, 2005 which envisages doubling of credit flow from the public sector banks to the small and medium enterprises (SME) over a period of five years starting 2005-06. This policy would provide adequate enhancement of credit to SME sector.

(c) The outstanding amounts of loan disbursed to Small Scale Industry sector by Public Sector Banks during the last three years *i.e.* as at the end of March 2004, March 2005 and March 2006 are Rs. 58278 crore, Rs. 67634 crore and Rs. 82492 crore respectively.

Opening of Bank Branches in Pakistan

1386. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether as a result of Confidence Building Measures (CBM) between India and Pakistan Government have decided to permit Pakistan Banks to open their branches in India and also Indian Banks seek similar facilities in Pakistan;

(b) if so, the number of Pakistan Bank's branches in India and number and details of Indian Banks who seek facilities to open branches in Pakistan; and

(c) the details of steps taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir. An understanding has been reached between the Reserve Bank of India (RBI) and the State Bank of Pakistan (SBP) on granting permission for opening two branches of banks from India and Pakistan in each other's country, on a reciprocal basis. The specific banks to be permitted to open the branches would be mutually

agreed upon by RBI and SBP keeping in view their respective regulatory policies and procedures. RBI has received request from three Indian banks *i.e.* State Bank of India (SBI), Bank of India (BOI) and Punjab National Bank to open their branches in Pakistan. Habib Bank Ltd., National Bank of Pakistan and United Bank Ltd. from Pakistan have evinced interest in opening their branches in India. In the meeting of Governor, RBI with the Governor of State Bank of Pakistan held on 26.09.2006, it was agreed that the licences to the banks for opening of their branches in each other's country would be given on reciprocal and simultaneous basis.

Increase in Rate of Interest on Home Loans

1387. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the RBI has reportedly been increasing the rate of interest gradually for home loans and other loans for the last three years;

(b) if so, how many times and at what rate the RBI has increased the rate of interest, year-wise; and

(c) whether Government are aware that this increase may have worst impact on the growth of industry and other on going infrastructure development projects in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No Sir. The Reserve Bank of India (RBI) has deregulated interest rates on advances above Rs. 2 lakhs w.e.f. October 18, 1994. Individual Banks are free to charge interest without reference to their Benchmark Prime Lending Rate (BPLR) and regardless of the size in respect of consumer loans and non priority sector personal loans including home loans. Banks also have the freedom to offer all categories of loans on floating rates by using market benchmarks in a transparent manner. Further in keeping with the need to continue with concessionality for small borrowers, at present loans upto Rs. 2 lakhs carry the prescription of not exceeding BPLR which is determined by banks taking into account (i) actual cost of funds, (ii) operating expenses, and (iii) a minimum margin to cover regulatory requirement of provisioning/capital charge and profit margin with the approval of their Boards.